

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Jamestown	County Ottawa
Fiscal Year End March 31, 2007	Opinion Date September 19, 2007	Date Audit Report Submitted to State September 27, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

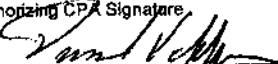
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	SAS No. 112 communication	
Certified Public Accountant (Firm Name) Siegfried Crandall P.C.		Telephone Number (269) 381-4970	
Street Address 246 E Kilgore		City Kalamazoo	State MI
		Zip 49002	
Authorizing CPA Signature 		Printed Name Daniel L. Veldhuizen	License Number 1101020724

*Charter Township of Jamestown*  
*Ottawa County, Michigan*  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2007*

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Charter Township of Jamestown, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Jamestown, Michigan, as of March 31, 2007, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Jamestown, Michigan, as of March 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, as listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Charter Township of Jamestown, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Jamestown, Michigan's basic financial statements. The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information designated as "Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure" in the contents is also presented for purposes of additional analysis and is not a required part of the basic financial statements of the Charter Township of Jamestown, Michigan. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.

*Sigfried Crandall P.C.*

September 19, 2007

## **BASIC FINANCIAL STATEMENTS**

**Charter Township of Jamestown****STATEMENT OF NET ASSETS**

March 31, 2007

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 2,999,614	\$ 2,482,778	\$ 5,482,392
Receivables	<u>124,451</u>	<u>242,652</u>	<u>367,103</u>
Total current assets	<u>3,124,065</u>	<u>2,725,430</u>	<u>5,849,495</u>
Noncurrent assets:			
Receivables	-	830,137	830,137
Bond issuance costs, net of amortization	-	64,306	64,306
Capital assets not being depreciated - land	401,754	-	401,754
Capital assets, net of depreciation	<u>3,249,691</u>	<u>7,476,559</u>	<u>10,726,250</u>
Total noncurrent assets	<u>3,651,445</u>	<u>8,371,002</u>	<u>12,022,447</u>
Total assets	<u>6,775,510</u>	<u>11,096,432</u>	<u>17,871,942</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables	97,228	99,169	196,397
Bonds and contracts payable	<u>60,000</u>	<u>225,000</u>	<u>285,000</u>
Total current liabilities	157,228	324,169	481,397
Noncurrent liabilities:			
Bonds and contracts payable	<u>430,000</u>	<u>3,860,000</u>	<u>4,290,000</u>
Total liabilities	<u>587,228</u>	<u>4,184,169</u>	<u>4,771,397</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,161,445	3,455,865	6,617,310
Restricted for:			
Public safety	421,637	-	421,637
Culture and recreation	114,989	-	114,989
Debt service	442,085	-	442,085
Capital improvements	553,478	205,309	758,787
Unrestricted	<u>1,486,948</u>	<u>3,251,089</u>	<u>4,738,037</u>
Total net assets	<u>\$ 6,180,582</u>	<u>\$ 6,912,263</u>	<u>\$ 13,092,845</u>

See notes to the financial statements

**Charter Township of Jamestown**

**STATEMENT OF ACTIVITIES**

Year ended March 31, 2007

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Governmental activities:				
Legislative	\$ 4,558	\$ -	\$ -	\$ -
General government	323,364	61,747	-	-
Public safety	383,336	90,316	-	13,455
Public works	109,184	19,943	7,125	-
Community and economic development	69,604	11,937	-	-
Culture and recreation	488,993	-	33,755	-
Interest on long-term debt	24,001	-	-	-
Total governmental activities	<u>1,403,040</u>	<u>183,943</u>	<u>40,880</u>	<u>13,455</u>
Business-type activities:				
Sewer	502,822	298,867	-	212,539
Water	468,139	261,964	-	202,309
Total business-type activities	<u>970,961</u>	<u>560,831</u>	<u>-</u>	<u>414,848</u>
Totals	<u>\$ 2,374,001</u>	<u>\$ 744,774</u>	<u>\$ 40,880</u>	<u>\$ 428,303</u>

General revenues:

Property taxes  
 State shared revenue  
 Cable franchise fees  
 Unrestricted interest income  
 Other

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending



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**Net (expenses) revenues and changes in net assets**

<b><u>Governmental activities</u></b>	<b><u>Business-type activities</u></b>	<b><u>Totals</u></b>
\$ (4,558)		\$ (4,558)
(261,617)		(261,617)
(279,565)		(279,565)
(82,116)		(82,116)
(57,667)		(57,667)
(455,238)		(455,238)
<u>(24,001)</u>		<u>(24,001)</u>
 <u>(1,164,762)</u>		 <u>(1,164,762)</u>
	\$ 8,584	8,584
	<u>(3,866)</u>	<u>(3,866)</u>
	 <u>4,718</u>	 <u>4,718</u>
 <u>(1,164,762)</u>	 <u>4,718</u>	 <u>(1,160,044)</u>
1,276,618	-	1,276,618
344,360	-	344,360
30,400	-	30,400
108,502	83,440	191,942
<u>27,412</u>	<u>-</u>	<u>27,412</u>
 <u>1,787,292</u>	 <u>83,440</u>	 <u>1,870,732</u>
622,530	88,158	710,688
<u>5,558,052</u>	<u>6,824,105</u>	<u>12,382,157</u>
<u>\$ 6,180,582</u>	<u>\$ 6,912,263</u>	<u>\$ 13,092,845</u>

See notes to the financial statements

**Charter Township of Jamestown**  
**BALANCE SHEET - governmental funds**  
 March 31, 2007

	<u>Major funds</u>			<u>Nonmajor funds</u>	<u>Total governmental funds</u>
	<u>General</u>	<u>Fire Operating</u>	<u>Road</u>		
<b>ASSETS</b>					
Cash	\$ 824,502	\$ 423,827	\$ -	\$ 1,747,817	\$ 2,996,146
Receivables	83,073	8,680	-	32,698	124,451
Due from other funds	24,683	-	-	-	24,683
Total assets	<u>\$ 932,258</u>	<u>\$ 432,507</u>	<u>\$ -</u>	<u>\$ 1,780,515</u>	<u>\$ 3,145,280</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Payables	\$ 67,656	\$ 10,870	\$ -	\$ 15,234	\$ 93,760
Due to other funds	-	-	-	24,683	24,683
Deferred revenue	-	-	-	15,600	15,600
Total liabilities	<u>67,656</u>	<u>10,870</u>	<u>-</u>	<u>55,517</u>	<u>134,043</u>
Fund balances:					
Unreserved	864,602	421,637	-	-	1,286,239
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	1,282,913	1,282,913
Debt service funds	-	-	-	442,085	442,085
Total fund balances	<u>864,602</u>	<u>421,637</u>	<u>-</u>	<u>1,724,998</u>	<u>3,011,237</u>
Total liabilities and fund balances	<u>\$ 932,258</u>	<u>\$ 432,507</u>	<u>\$ -</u>	<u>\$ 1,780,515</u>	<u>\$ 3,145,280</u>

Total fund balances - total governmental funds \$ 3,011,237

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 3,651,445

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 15,600

Some liabilities, including bonds payable and related accrued interest of \$7,700, are not due and payable in the current period and, therefore, are not reported in the funds. (497,700)

Net assets of *governmental activities* \$ 6,180,582

**Charter Township of Jamestown**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - governmental funds**

Year ended March 31, 2007

	<b>Major funds</b>			<b>Nonmajor funds</b>	<b>Total governmental funds</b>
	<b>General</b>	<b>Fire Operating</b>	<b>Road</b>		
<b>REVENUES</b>					
Property taxes	\$ 222,146	\$ 234,734	\$ 357,248	\$ 462,490	\$ 1,276,618
Licenses and permits	120,716	-	-	-	120,716
Federal grant	-	-	-	13,455	13,455
State grants	351,485	-	-	3,656	355,141
Charges for services	38,204	-	-	-	38,204
Fines and forfeitures	20,670	-	-	28,674	49,344
Interest and rentals	57,953	11,240	-	54,119	123,312
Other	38,833	3,116	-	5,406	47,355
<b>Total revenues</b>	<b>850,007</b>	<b>249,090</b>	<b>357,248</b>	<b>567,800</b>	<b>2,024,145</b>
<b>EXPENDITURES</b>					
Legislative	4,558	-	-	-	4,558
General government	284,406	-	-	1,671	286,077
Public safety	116,205	152,355	-	9,387	277,947
Public works	545,472	-	-	-	545,472
Community and economic development	69,604	-	-	-	69,604
Recreation and cultural	676,669	-	-	151,594	828,263
Capital outlay	25,821	-	-	65,387	91,208
Debt service:					
Principal	-	-	-	73,041	73,041
Interest	-	-	-	24,801	24,801
<b>Total expenditures</b>	<b>1,722,735</b>	<b>152,355</b>	<b>-</b>	<b>325,881</b>	<b>2,200,971</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(872,728)</b>	<b>96,735</b>	<b>357,248</b>	<b>241,919</b>	<b>(176,826)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	357,248	-	-	196,129	553,377
Transfers out	(196,129)	-	(357,248)	-	(553,377)
<b>Total other financing sources (uses)</b>	<b>161,119</b>	<b>-</b>	<b>(357,248)</b>	<b>196,129</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(711,609)</b>	<b>96,735</b>	<b>-</b>	<b>438,048</b>	<b>(176,826)</b>
<b>FUND BALANCES - BEGINNING</b>	<b>1,576,211</b>	<b>324,902</b>	<b>-</b>	<b>1,286,950</b>	<b>3,188,063</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 864,602</b>	<b>\$ 421,637</b>	<b>\$ -</b>	<b>\$ 1,724,998</b>	<b>\$ 3,011,237</b>

See notes to the financial statements

**Charter Township of Jamestown**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - governmental funds (Continued)**  
Year ended March 31, 2007

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Net change in fund balances - total governmental funds \$ (176,826)

Amounts reported for *governmental activities* in the statement of activities (page 6) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Add - capital outlay	892,600
Deduct - depreciation provision	(168,510)

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of debt principal payments. 73,041

Some items reported in the statement of activities do not provide/require current financial resources and, therefore, are not reported as revenues/expenditures in governmental funds. These activities consist of the following:

Net increase in deferred revenue	1,425
Net decrease in accrued interest	<u>800</u>

Change in net assets of *governmental activities* \$ 622,530

**Charter Township of Jamestown**  
**STATEMENT OF NET ASSETS - proprietary funds**  
*March 31, 2007*

	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 1,452,957	\$ 1,029,821	\$ 2,482,778
Receivables	<u>151,087</u>	<u>91,565</u>	<u>242,652</u>
Total current assets	<u>1,604,044</u>	<u>1,121,386</u>	<u>2,725,430</u>
Noncurrent assets:			
Receivables	316,864	513,273	830,137
Bond issuance costs, net of amortization	-	64,306	64,306
Capital assets, net of accumulated depreciation	<u>5,123,597</u>	<u>2,352,962</u>	<u>7,476,559</u>
Total noncurrent assets	<u>5,440,461</u>	<u>2,930,541</u>	<u>8,371,002</u>
Total assets	<u>7,044,505</u>	<u>4,051,927</u>	<u>11,096,432</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables	51,145	48,024	99,169
Contracts payable	<u>185,000</u>	<u>40,000</u>	<u>225,000</u>
Total current liabilities	236,145	88,024	324,169
Noncurrent liabilities:			
Contracts payable	<u>1,575,000</u>	<u>2,285,000</u>	<u>3,860,000</u>
Total liabilities	<u>1,811,145</u>	<u>2,373,024</u>	<u>4,184,169</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,363,597	92,268	3,455,865
Restricted for capital improvements	49,412	155,897	205,309
Unrestricted	<u>1,820,351</u>	<u>1,430,738</u>	<u>3,251,089</u>
Total net assets	<u>\$ 5,233,360</u>	<u>\$ 1,678,903</u>	<u>\$ 6,912,263</u>

See notes to the financial statements

**Charter Township of Jamestown****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
NET ASSETS - *proprietary funds****Year ended March 31, 2007*

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	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 298,867	\$ 240,225	\$ 539,092
Other	<u>-</u>	<u>21,739</u>	<u>21,739</u>
Total operating revenues	<u>298,867</u>	<u>261,964</u>	<u>560,831</u>
<b>OPERATING EXPENSES</b>			
System operation and maintenance	248,184	259,843	508,027
Personnel costs	11,596	9,339	20,935
Supplies	3,127	15,326	18,453
Professional services	2,958	1,749	4,707
Miscellaneous	30,483	1,658	32,141
Depreciation	<u>122,003</u>	<u>55,101</u>	<u>177,104</u>
Total operating expenses	<u>418,351</u>	<u>343,016</u>	<u>761,367</u>
Operating loss	<u>(119,484)</u>	<u>(81,052)</u>	<u>(200,536)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Capital contributions	12,180	16,740	28,920
Connection fees	170,956	153,958	324,914
Interest revenue:			
Investment	40,203	43,237	83,440
Special assessment	29,403	31,611	61,014
Interest expense	<u>(84,471)</u>	<u>(125,123)</u>	<u>(209,594)</u>
Total nonoperating revenues	<u>168,271</u>	<u>120,423</u>	<u>288,694</u>
<b>CHANGE IN NET ASSETS</b>	<u>48,787</u>	<u>39,371</u>	<u>88,158</u>
<b>NET ASSETS - BEGINNING</b>	<u>5,184,573</u>	<u>1,639,532</u>	<u>6,824,105</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 5,233,360</u>	<u>\$ 1,678,903</u>	<u>\$ 6,912,263</u>

*See notes to the financial statements*

**Charter Township of Jamestown**  
**STATEMENT OF CASH FLOWS - proprietary funds**  
Year ended March 31, 2007

	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 289,067	\$ 349,954	\$ 639,021
Payments to vendors and suppliers	(277,603)	(279,997)	(557,600)
Payments to employees	(11,596)	(9,339)	(20,935)
Net cash provided by (used in) operating activities	(132)	60,618	60,486
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Decrease in due from other funds	151,683	-	151,683
Decrease in due to other funds	(39,895)	(188,999)	(228,894)
Net cash provided by (used in) noncapital financing activities	111,788	(188,999)	(77,211)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Connection fees	170,956	153,958	324,914
Collections of assessments receivable	110,038	65,827	175,865
Special assessment interest	29,403	31,611	61,014
Principal payments on capital debt	(180,000)	(100,000)	(280,000)
Interest payments on capital debt	(87,171)	(120,467)	(207,638)
Net cash provided by capital and related financing activities	43,226	30,929	74,155
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	37,455	34,565	72,020
<b>NET INCREASE (DECREASE) IN CASH</b>	192,337	(62,887)	129,450
<b>CASH - BEGINNING</b>	1,260,620	1,092,708	2,353,328
<b>CASH - ENDING</b>	<u>\$ 1,452,957</u>	<u>\$ 1,029,821</u>	<u>\$ 2,482,778</u>

See notes to the financial statements

**Charter Township of Jamestown****STATEMENT OF CASH FLOWS - proprietary funds (Continued)**

Year ended March 31, 2007

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	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>			
Operating loss	\$ (119,484)	\$ (81,052)	\$ (200,536)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation expense	122,003	55,101	177,104
(Increase) decrease in:			
Receivables	(9,800)	87,990	78,190
Increase (decrease) in:			
Payables	<u>7,149</u>	<u>(1,421)</u>	<u>5,728</u>
Net cash provided by (used in) operating activities	<u>\$ (132)</u>	<u>\$ 60,618</u>	<u>\$ 60,486</u>

See notes to the financial statements



**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Charter Township of Jamestown, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Fund accounts for specific resources (property taxes) restricted for road construction and maintenance. The fund makes a transfer to the General Fund where the Township's road construction and maintenance costs are recorded.

The Fire Operating Fund accounts for specific resources (property taxes) restricted for public safety costs.

The Township reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the Township's sewage collection systems.

The Water Fund accounts for the activities of the Township's water distribution system.

Private-sector standards of accounting issued prior to March 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

*d) Assets, liabilities, and net assets or equity:*

*i) Bank deposits* - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*ii) Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

*iii) Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide financial statements.

*iv) Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared road costs, sewer and water systems, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	25 - 50 years
Equipment	5 - 20 years
Vehicles	20 years
Sewer and water systems	50 years
Shared road costs	20 years

*v) Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

*vi) Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, activity, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year. The Township incurred the following significant budget variances during the fiscal year:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
General	Recreation and cultural	Pathways	\$ 647,773	\$ 676,669	\$ (28,896)
	Capital outlay	Capital outlay	3,884	25,821	(21,937)

**NOTE 3 - CASH:**

The Township's cash, as presented in the financial statements, is as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
Bank deposits	\$ 2,999,614	\$ 2,482,778	\$ 5,482,392

*Deposits:*

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. At March 31, 2007, \$4,814,800 of the Township's bank balances of \$5,495,475 was exposed to custodial credit risk because it was uninsured. The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the Township's funds are as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Property taxes</i>	<i>Inter- governmental</i>	<i>Special assessments</i>	<i>Totals</i>
Governmental funds:					
General Fund	\$ 5,299	\$ 21,237	\$ 56,537	\$ -	\$ 83,073
Fire Operating Fund	-	8,680	-	-	8,680
Nonmajor governmental funds	-	17,098	15,600	-	32,698
Total governmental funds	<u>\$ 5,299</u>	<u>\$ 47,015</u>	<u>\$ 72,137</u>	<u>\$ -</u>	<u>\$ 124,451</u>
Proprietary funds:					
Sewer Fund	\$ 41,087	\$ -	\$ 49,412	\$ 377,452	\$ 467,951
Water Fund	<u>25,565</u>	<u>-</u>	<u>155,897</u>	<u>423,376</u>	<u>604,838</u>
Total proprietary funds	<u>\$ 66,652</u>	<u>\$ -</u>	<u>\$ 205,309</u>	<u>\$ 800,828</u>	<u>\$ 1,072,789</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,309</u>	<u>\$ 624,828</u>	<u>\$ 830,137</u>

All receivables are considered fully collectible.

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2007, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 401,754	\$ -	\$ -	\$ 401,754
Capital assets being depreciated:				
Shared road costs	743,999	476,133	-	1,220,132
Pathways	-	386,869	-	386,869
Buildings	1,504,950	-	-	1,504,950
Vehicles	963,589	-	-	963,589
Equipment	557,640	29,598	-	587,238
Subtotal	3,770,178	892,600	-	4,662,778
Less accumulated depreciation:				
Shared road costs	(23,984)	(39,845)	-	(63,829)
Pathways	-	(1,612)	-	(1,612)
Buildings	(398,665)	(29,809)	-	(428,474)
Vehicles	(475,750)	(44,950)	-	(520,700)
Equipment	(346,178)	(52,294)	-	(398,472)
Subtotal	(1,244,577)	(168,510)	-	(1,413,087)
Net capital assets being depreciated	2,525,601	724,090	-	3,249,691
Governmental activities capital assets, net	\$ 2,927,355	\$ 724,090	\$ -	\$ 3,651,445
Business-type activities:				
Capital assets being depreciated:				
Sewer system	\$ 6,072,845	\$ -	\$ -	\$ 6,072,845
Water system	2,802,638	-	-	2,802,638
Buildings	17,191	-	-	17,191
Subtotal	8,892,674	-	-	8,892,674
Less accumulated depreciation:				
Sewer system	(838,282)	(121,457)	-	(959,739)
Water system	(394,575)	(55,101)	-	(449,676)
Buildings	(6,154)	(546)	-	(6,700)
Subtotal	(1,239,011)	(177,104)	-	(1,416,115)
Business-type activities capital assets, net	\$ 7,653,663	\$ (177,104)	\$ -	\$ 7,476,559

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - CAPITAL ASSETS (Continued):**

Depreciation expense was charged to governmental functions of the Township as follows:

Governmental activities:	
General government	\$ 11,466
Public safety	59,700
Public works	39,845
Culture and recreation	<u>57,499</u>
 Total governmental activities	 \$ <u>168,510</u>

**NOTE 6 - NONCURRENT LIABILITIES:**

At March 31, 2007, noncurrent liabilities are comprised of the following individual issues:

Governmental activities:

Bonds payable:

\$880,000 1998 Library construction bonds - payable in annual installments ranging from \$50,000 to \$80,000, plus interest at 4.1% to 6.0%; final payment due June 2013.

\$ 490,000

Business-type activities:

Contracts payable:

\$885,000 1996 Water system contract payable - payable in annual installments ranging from \$20,000 to \$75,000, plus interest at 5.5% to 7.0%; final payment due May 2016.

\$ 650,000

\$1,830,000 1999 Sewer system contract payable - payable in annual installments ranging from \$140,000 to \$195,000, plus interest at 4.30% to 4.35%; final payment due June 2011.

885,000

\$990,000 2000 Sewer system contract payable - payable in annual installments ranging from \$30,000 to \$100,000, plus interest at 5.2% to 5.8%; final payment due June 2021.

875,000

\$1,785,000 2004 Water system contract payable - payable in annual installments ranging from \$40,000 to \$195,000, plus interest at 2.5% to 5.0%; final payment due June 2024.

1,675,000

Total business-type activities noncurrent liabilities \$ 4,085,000

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - NONCURRENT LIABILITIES (Continued):**

Noncurrent liability activity for the year ended March 31, 2007, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
1995 Note	\$ 13,041	\$ -	\$ (13,041)	\$ -	\$ -
1998 Bonds	550,000	-	(60,000)	490,000	60,000
Total governmental activities noncurrent liabilities	<u>\$ 563,041</u>	<u>\$ -</u>	<u>\$ (73,041)</u>	<u>\$ 490,000</u>	<u>\$ 60,000</u>
Business-type activities:					
1996 Contract payable	\$ 710,000	\$ -	\$ (60,000)	\$ 650,000	\$ -
1999 Contract payable	1,040,000		(155,000)	885,000	160,000
2000 Contract payable	900,000		(25,000)	875,000	25,000
2004 Contract payable	1,715,000	-	(40,000)	1,675,000	40,000
Total business-type activities noncurrent liabilities	<u>\$ 4,365,000</u>	<u>\$ -</u>	<u>\$ (280,000)</u>	<u>\$ 4,085,000</u>	<u>\$ 225,000</u>

The Township has pledged its full faith and credit for repayment of all noncurrent liabilities.

At March 31, 2007, debt service requirements were as follows:

<u>Year ended March 31st</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principle</u>	<u>Interest</u>	<u>Principle</u>	<u>Interest</u>
2008	\$ 60,000	\$ 21,566	\$ 225,000	\$ 175,019
2009	65,000	18,783	300,000	182,383
2010	65,000	15,825	305,000	168,879
2011	70,000	12,685	320,000	154,781
2012	75,000	9,240	335,000	139,784
2013-2017	155,000	7,560	920,000	546,972
2018-2022	-	-	1,125,000	287,321
2023-2025	-	-	555,000	42,217
Totals	<u>\$ 490,000</u>	<u>\$ 85,659</u>	<u>\$ 4,085,000</u>	<u>\$ 1,697,356</u>



**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 7 - PAYABLES:**

Payables as of year end for the Township's funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Interest</u>	<u>Subtotal</u>
Governmental funds:				
General Fund	\$ 67,656	\$ -	\$ -	\$ 67,656
Fire Operating Fund	-	10,870	-	10,870
Nonmajor governmental funds	<u>15,234</u>	<u>-</u>	<u>-</u>	<u>15,234</u>
Total governmental funds	<u>\$ 82,890</u>	<u>\$ 10,870</u>	<u>\$ -</u>	<u>\$ 93,760</u>
Proprietary funds:				
Sewer Fund	\$ 22,345	\$ -	\$ 28,800	\$ 51,145
Water Fund	<u>23,524</u>	<u>-</u>	<u>24,500</u>	<u>48,024</u>
Total proprietary funds	<u>\$ 45,869</u>	<u>\$ -</u>	<u>\$ 53,300</u>	<u>\$ 99,169</u>

**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

At March 31, 2007, the composition of interfund balances follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	<u>\$ 24,683</u>	Nonmajor governmental funds	<u>\$ 24,683</u>

The amount payable to the General Fund represents temporary cash flow assistance. The balance is scheduled to be collected in the subsequent year.

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued):**

The interfund transfers for the year ended March 31, 2007, are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
General	\$ 357,248	Road	\$ 357,248
Bliss Creek Drain	13,193		
Capital Improvement	156,046		
Library	26,890		
	196,129	General	196,129
Totals	\$ 553,377	Totals	\$ 553,377

The transfer to the General Fund from the Road Fund represents restricted revenues collected in the Road Fund to pay for road improvement and maintenance costs accounted for in the General Fund.

The transfers from the General Fund to the Capital Improvement Fund and Library Fund moved unrestricted revenues of the General Fund to the other funds to finance various costs in accordance with budgetary requirements.

The transfer from the General Fund to the Bliss Creek Drain Fund moved unrestricted revenues, collected in the General Fund, to the Bliss Creek Drain Fund to cover the final debt service payment.

**NOTE 9 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 10 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2007, follows:

Revenues	\$ 87,121
Expenses:	
Direct	(70,041)
Indirect	<u>(26,662)</u>
Deficiency of revenues over expenses	\$ <u>(9,582)</u>

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for its employees through a defined contribution plan. Employees are eligible to participate from the date of employment. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The Township contributes 6% of each qualified employee's covered compensation to the plan. Plan participants are also required to contribute 6% of covered compensation. The Township's contributions are fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township and qualified employees each made contributions of \$12,166 respectively, for the fiscal year ended March 31, 2007, for a total of \$24,332.

**NOTE 12 - CONSTRUCTION COMMITMENT:**

At March 31, 2007, the Township had authorized a contract totaling \$525,956 for trail improvements. Costs incurred through March 31, 2007, were \$330,353, leaving a commitment of \$196,600. The improvements are being funded by available resources of the Capital Improvement Fund.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Charter Township of Jamestown**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 220,990	\$ 219,668	\$ 222,146	\$ 2,478
Licenses and permits	157,400	121,935	120,716	(1,219)
State grants	345,000	352,511	351,485	(1,026)
Charges for services	28,150	38,204	38,204	-
Fines and forfeitures	9,500	22,339	20,670	(1,669)
Interest and rentals	37,050	73,404	57,953	(15,451)
Other:				
Special assessments	16,000	19,943	19,943	-
Miscellaneous	14,700	18,890	18,890	-
Total revenues	<u>828,790</u>	<u>866,894</u>	<u>850,007</u>	<u>(16,887)</u>
<b>EXPENDITURES</b>				
Legislative	<u>9,774</u>	<u>4,559</u>	<u>4,558</u>	<u>1</u>
General government:				
Supervisor	40,497	39,676	39,675	1
Elections	7,580	8,556	8,552	4
Assessor	41,625	36,560	36,556	4
Clerk	27,038	26,940	26,940	-
Board of Review	1,663	569	567	2
Treasurer	33,570	30,522	30,521	1
Building and grounds	39,520	26,580	26,578	2
Cemetery	44,500	42,244	41,058	1,186
General administration	89,866	74,974	73,959	1,015
Total general government	<u>325,859</u>	<u>286,621</u>	<u>284,406</u>	<u>2,215</u>
Public safety:				
Police protection	55,200	45,168	46,164	(996)
Construction code inspections	94,905	70,186	70,041	145
Total public safety	<u>150,105</u>	<u>115,354</u>	<u>116,205</u>	<u>(851)</u>
Public works:				
Road maintenance and construction	226,500	498,788	498,786	2
Drains	25,000	21,302	21,302	-
Street lighting	20,500	25,704	25,384	320
Total public works	<u>272,000</u>	<u>545,794</u>	<u>545,472</u>	<u>322</u>

**Charter Township of Jamestown**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development:				
Planning and zoning	\$ 42,440	\$ 49,223	\$ 50,461	\$ (1,238)
Planning Commission	51,815	18,751	17,429	1,322
Zoning Board of Appeals	3,770	1,716	1,714	2
Total community and economic development	<u>98,025</u>	<u>69,690</u>	<u>69,604</u>	<u>86</u>
Recreation and cultural - pathways	<u>30,000</u>	<u>647,773</u>	<u>676,669</u>	<u>(28,896)</u>
Capital outlay	<u>7,000</u>	<u>3,884</u>	<u>25,821</u>	<u>(21,937)</u>
Total expenditures	<u>892,763</u>	<u>1,673,675</u>	<u>1,722,735</u>	<u>(49,060)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(63,973)</u>	<u>(806,781)</u>	<u>(872,728)</u>	<u>(65,947)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	344,000	355,306	357,248	1,942
Transfers out	<u>(280,000)</u>	<u>(196,129)</u>	<u>(196,129)</u>	<u>-</u>
Total other financing sources	<u>64,000</u>	<u>159,177</u>	<u>161,119</u>	<u>1,942</u>
<b>NET CHANGE IN FUND BALANCES</b>	27	(647,604)	(711,609)	(64,005)
<b>FUND BALANCES - BEGINNING</b>	<u>1,576,211</u>	<u>1,576,211</u>	<u>1,576,211</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,576,238</u>	<u>\$ 928,607</u>	<u>\$ 864,602</u>	<u>\$ (64,005)</u>

**Charter Township of Jamestown**  
**BUDGETARY COMPARISON SCHEDULE - Road Fund**  
Year ended March 31, 2007

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	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 344,000	\$ 355,306	\$ 357,248	\$ 1,942
<b>OTHER FINANCING USES</b>				
Transfers out - General Fund	<u>344,000</u>	<u>355,306</u>	<u>357,248</u>	<u>1,942</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Charter Township of Jamestown****BUDGETARY COMPARISON SCHEDULE - Fire Operating Fund**

Year ended March 31, 2007

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 225,000	\$ 232,910	\$ 234,734	\$ 1,824
Interest and rentals	4,750	11,239	11,240	1
Other	<u>75</u>	<u>3,116</u>	<u>3,116</u>	<u>-</u>
Total revenues	229,825	247,265	249,090	1,825
<b>EXPENDITURES</b>				
Public safety - fire protection	<u>184,750</u>	<u>158,142</u>	<u>152,355</u>	<u>5,787</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	45,075	89,123	96,735	7,612
<b>FUND BALANCES - BEGINNING</b>	<u>324,902</u>	<u>324,902</u>	<u>324,902</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 369,977</u>	<u>\$ 414,025</u>	<u>\$ 421,637</u>	<u>\$ 7,612</u>



## **SUPPLEMENTARY INFORMATION**

**Charter Township of Jamestown**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
March 31, 2007

				<b>Debt service funds</b>		
				<b>Bliss Creek Drain</b>	<b>Library Construction</b>	<b>Totals</b>
<b>ASSETS</b>						
Cash				\$ -	\$ 435,396	\$ 435,396
Receivables				-	6,689	6,689
Total assets				<u>\$ -</u>	<u>\$ 442,085</u>	<u>\$ 442,085</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Payables				\$ -	\$ -	\$ -
Due to other funds				-	-	-
Deferred revenue				-	-	-
Total liabilities				-	-	-
Fund balances:						
Unreserved, undesignated				-	442,085	442,085
Total liabilities and fund balances				<u>\$ -</u>	<u>\$ 442,085</u>	<u>\$ 442,085</u>

<i>Special revenue funds</i>				<i>Total other governmental funds</i>
<i>Fire Replacement</i>	<i>Capital Improvement</i>	<i>Library</i>	<i>Totals</i>	
\$ 561,177	\$ 630,046	\$ 121,198	\$ 1,312,421	\$ 1,747,817
6,510	-	19,499	26,009	32,698
<u>\$ 567,687</u>	<u>\$ 630,046</u>	<u>\$ 140,697</u>	<u>\$ 1,338,430</u>	<u>\$ 1,780,515</u>
\$ 14,209	\$ -	\$ 1,025	\$ 15,234	\$ 15,234
-	-	24,683	24,683	24,683
-	-	15,600	15,600	15,600
14,209	-	41,308	55,517	55,517
553,478	630,046	99,389	1,282,913	1,724,998
<u>\$ 567,687</u>	<u>\$ 630,046</u>	<u>\$ 140,697</u>	<u>\$ 1,338,430</u>	<u>\$ 1,780,515</u>

**Charter Township of Jamestown****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2007

	<b>Debt service funds</b>		
	<b>Bliss Creek Drain</b>	<b>Library Construction</b>	<b>Totals</b>
<b>REVENUES</b>			
Property taxes	\$ -	\$ 180,947	\$ 180,947
Federal grant	-	-	-
State grants	-	-	-
Fines and forfeitures	-	-	-
Interest and rentals	174	2,717	2,891
Other	-	-	-
	<u>174</u>	<u>183,664</u>	<u>183,838</u>
Total revenues			
	<u>174</u>	<u>183,664</u>	<u>183,838</u>
<b>EXPENDITURES</b>			
General government	-	1,671	1,671
Public safety	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	13,041	60,000	73,041
Interest	326	24,475	24,801
	<u>13,367</u>	<u>86,146</u>	<u>99,513</u>
Total expenditures			
	<u>13,367</u>	<u>86,146</u>	<u>99,513</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(13,193)	97,518	84,325
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>13,193</u>	<u>-</u>	<u>13,193</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	97,518	97,518
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>344,567</u>	<u>344,567</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ 442,085</u>	<u>\$ 442,085</u>

<b><i>Special revenue funds</i></b>					
<b><i>Fire Replacement</i></b>	<b><i>Capital Improvement</i></b>	<b><i>Library</i></b>	<b><i>Totals</i></b>		<b><i>Total other governmental funds</i></b>
\$ 176,067	\$ -	\$ 105,476	\$ 281,543	\$	462,490
13,455	-	-	13,455		13,455
-	-	3,656	3,656		3,656
-	-	28,674	28,674		28,674
15,187	27,606	8,435	51,228		54,119
1,882	-	3,524	5,406		5,406
<u>206,591</u>	<u>27,606</u>	<u>149,765</u>	<u>383,962</u>		<u>567,800</u>
-	-	-	-		1,671
9,387	-	-	9,387		9,387
-	-	151,594	151,594		151,594
65,387	-	-	65,387		65,387
-	-	-	-		73,041
-	-	-	-		24,801
<u>74,774</u>	<u>-</u>	<u>151,594</u>	<u>226,368</u>		<u>325,881</u>
131,817	27,606	(1,829)	157,594		241,919
<u>-</u>	<u>156,046</u>	<u>26,890</u>	<u>182,936</u>		<u>196,129</u>
131,817	183,652	25,061	340,530		438,048
<u>421,661</u>	<u>446,394</u>	<u>74,328</u>	<u>942,383</u>		<u>1,286,950</u>
<u>\$ 553,478</u>	<u>\$ 630,046</u>	<u>\$ 99,389</u>	<u>\$ 1,282,913</u>	<u>\$</u>	<u>1,724,998</u>

**SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 CONTINUING DISCLOSURE  
(UNAUDITED)**

**Charter Township of Jamestown**  
**Taxable Value**  
**Fiscal Years Ended March 31, 2003 Through 2007**

<u>Assessed Value as of December 31</u>	<u>Year of State Equalization and Tax Levy</u>	<u>Township's Fiscal Years Ended March 31</u>	<u>Ad Valorem Taxable Value</u>	<u>Equivalent Taxable Value of Property Granted Tax Abatement Under Act 198 (1)</u>	<u>Total Taxable Value</u>	<u>Percent Increase Over Prior Year</u>
2001	2002	2003	\$ 150,933,437	\$ 11,555,227	\$162,488,664	0.00%
2002	2003	2004	163,322,926	11,776,400	175,099,326	7.76%
2003	2004	2005	185,480,500	14,216,500	199,697,000	14.05%
2004	2005	2006	209,477,570	15,041,200	224,518,770	12.43%
2005	2006	2007	233,274,018	14,791,500	248,065,518	10.49%

Per Capita Total Taxable Value for the Fiscal Year Ending March 31, 2007 (2)..... \$49,005

(1) At the full tax rate. See "Tax Abatement".

(2) Based on the Township's 2000 census population of 5,062.

Source: Charter Township of Jamestown

**Charter Township of Jamestown**  
**Taxable Value by Use and Class**  
**Fiscal Years Ended March 31, 2003 Through 2007**

<u>Use</u>	<u>Fiscal Years Ended June 30</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Agriculture	\$ 19,288,050	\$ 19,673,485	\$ 22,266,252	\$ 23,114,486	\$ 23,675,279
Commercial	8,325,129	9,020,939	9,304,380	10,539,553	10,441,731
Industrial	18,064,539	18,680,660	22,404,748	24,242,448	25,537,206
Residential	109,074,146	119,896,142	138,384,020	159,256,483	180,449,202
Utility	7,736,800	7,828,100	7,337,600	7,365,800	7,962,100
	<u>\$ 162,488,664</u>	<u>\$ 175,099,326</u>	<u>\$ 199,697,000</u>	<u>\$ 224,518,770</u>	<u>\$ 248,065,518</u>
<u>Class</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Real Property	\$ 148,209,958	\$ 160,643,826	\$ 185,728,700	\$ 209,425,070	\$ 231,940,418
Personal Property	14,278,706	14,455,500	13,968,300	15,093,700	16,125,100
	<u>\$ 162,488,664</u>	<u>\$ 175,099,326</u>	<u>\$ 199,697,000</u>	<u>\$ 224,518,770</u>	<u>\$ 248,065,518</u>

Source: Charter Township of Jamestown

(UNAUDITED)

**Charter Township of Jamestown  
State Equalized Valuation  
Fiscal Years Ended March 31, 2003 Through 2007**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	Township's Fiscal Years Ended March 31	Ad Valorem SEV	SEV of Property Granted Tax Abatement Under Act 198 (1)	Total SEV	Percent Increase Over Prior Year
2001	2002	2003	\$185,506,773	\$ 11,555,227	\$197,062,000	0.00%
2002	2003	2004	200,175,100	11,776,400	211,951,500	7.56%
2003	2004	2005	248,726,800	14,216,500	262,943,300	24.06%
2004	2005	2006	279,950,000	15,041,200	294,991,200	12.19%
2005	2006	2007	317,771,900	14,791,500	332,563,400	12.74%

Per Capita Total SEV for the Fiscal Year Ending March 31, 2007 (2)..... \$65,698

(1) See "Tax Abatement".

(2) Based on the Township's 2000 census population of 5,062.

Source: Charter Township of Jamestown

**Charter Township of Jamestown  
Total SEV by Use and Class  
Fiscal Years Ended March 31, 2003 Through 2007**

Use	Fiscal Years Ended March 31				
	2003	2004	2005	2006	2007
Agriculture	\$ 34,466,100	\$ 36,664,000	\$ 54,545,300	\$ 57,737,600	\$ 65,270,800
Commercial	9,521,000	10,206,800	10,804,400	12,315,000	12,237,600
Industrial	7,613,600	8,644,800	26,754,300	28,143,900	29,621,400
Residential	137,724,500	148,607,800	163,501,700	189,428,900	217,471,500
Utility	7,736,800	7,828,100	7,337,600	7,365,800	7,962,100
	<u>\$ 197,062,000</u>	<u>\$ 211,951,500</u>	<u>\$ 262,943,300</u>	<u>\$ 294,991,200</u>	<u>\$ 332,563,400</u>
Class	Fiscal Years Ended March 31				
	2003	2004	2005	2006	2007
Real Property	\$ 185,770,200	\$ 200,739,300	\$ 248,975,000	\$ 279,897,500	\$ 316,438,300
Personal Property	11,291,800	11,212,200	13,968,300	15,093,700	16,125,100
	<u>\$ 197,062,000</u>	<u>\$ 211,951,500</u>	<u>\$ 262,943,300</u>	<u>\$ 294,991,200</u>	<u>\$ 332,563,400</u>

Source: Charter Township of Jamestown

(UNAUDITED)



## **Charter Township of Jamestown**

### **Tax Abatement**

The Township's taxable value does not include the value of certain facilities, which have temporarily been removed from the Ad Valorem Tax Roll pursuant to Act 198. The Act was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities ("Rehab Properties") and to build new facilities ("New Properties"). Except as indicated below, under the provisions of the Act, a local governmental unit (i.e., a city, village, or township) may establish plant rehabilitation districts and industrial development districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under the Act entitles an eligible facility to exemption from Ad Valorem taxes for a period of up to 12 years. In lieu of Ad Valorem taxes, the eligible facility will pay an industrial facilities tax (the "IFT Tax"). For properties granted tax abatement under the Act, there exists a separate tax roll referred to as the industrial facilities tax roll (the "IFT Tax Roll"). The IFT Tax for an obsolete facility, which is being restored or replaced, is determined in exactly the same manner as the Ad Valorem Tax; the important difference being that the value of the property remains at the taxable value level prior to the improvements even though the restoration or replacement substantially increases the value of the facility. For a new facility, the IFT Tax is also determined the same as the Ad Valorem Tax but, instead of using the total mills levied as Ad Valorem Taxes, a lower millage rate is applied. For abatements granted prior to 1994, this millage rate equals  $\frac{1}{2}$  of all tax rates levied by other than the state and local school district for operating purposes plus  $\frac{1}{2}$  of the 1993 rate levied by the local school district for operating purposes. For abatements granted after 1994, this millage rate equals  $\frac{1}{2}$  of all tax rates levied by other than the state plus none,  $\frac{1}{2}$ , or all of the state tax rate (as determined by the State Treasurer).

The Township has established goals, objectives, and procedures to provide the opportunity for industrial development and expansion. Since 2000, the Township has approved several applications for local property tax relief for industrial firms. Most abatements have been for new industrial facilities. The SEV of properties, which have been granted tax abatement under Act 198, removed from the Ad Valorem Tax Roll, and placed on the IFT Tax Roll, totaled \$14,791,500 for the fiscal year ending March 31, 2007. The IFT Taxes paid on these properties is equivalent to Ad Valorem Taxes paid on \$7,395,750 of taxable value at the full tax rate (the "Equivalent Taxable Value"). Upon expiration of the industrial facilities exemption certificates, the current equalized valuation of the abated properties will return to the Ad Valorem Tax Roll as taxable value.

**Charter Township of Jamestown  
Maximum Property Tax Rates  
Fiscal Year Ended March 31, 2007**

Millage Classification	Millage Authorized	Applicable Millage Reduction Fraction (1)	Maximum Allowable Millage
Allocated - Operating	1.0510	0.8969	0.8969
Voted - Fire Operating	1.0000	0.9610	0.9610
Voted - Library Operating	0.5000	0.4372	0.4372
Voted - Roads	1.5000	1.4840	1.4840
Voted - Fire Equipment	0.5000	0.4946	0.4946
Voted - Fire Department	0.2500	0.2473	0.2473
Voted - Library Debt	1.0000	N/A	N/A

(1) Cumulative.

Source: Charter Township of Jamestown

**Charter Township of Jamestown  
Property Tax Rates  
Fiscal Years Ended March 31, 2003 Through 2007**

Levy Date	Fiscal Year Ended	Allocated	Voted				
December 1	March 31	Operating	Fire	Library Operating	Roads	Library Debt	Total
2002	2003	0.9333	1.648	0.4551	1.4753	0.75	5.2617
2003	2004	0.9221	1.7165	0.4496	1.482	0.75	5.3202
2004	2005	0.9221	1.7165	0.4496	1.482	0.75	5.3202
2005	2006	0.9045	1.7173	0.4409	1.4965	0.75	5.3092
2006	2007	0.8969	1.7029	0.4372	1.484	0.75	5.271

Source: Charter Township of Jamestown

**Charter Township of Jamestown  
Property Tax Collections  
Fiscal Years Ended March 31, 2003 Through 2007**

Levy December 1	Fiscal Year Ended March 31	Tax Levy (1)	Collections to March 1 Following Levy	Percent Collected
2002	2003	825,426	806,521	97.71%
2003	2004	872,459	847,656	97.16%
2004	2005	1,009,330	986,020	97.69%
2005	2006	1,151,989	1,113,881	96.69%
2006	2007	1,268,905	1,221,044	96.23%

(1) Township taxes only. Includes taxes on properties granted tax abatement under Act 198. See "Tax Abatement."

Source: Charter Township of Jamestown

(UNAUDITED)

**Charter Township of Jamestown  
Ten Largest Taxpayers  
Fiscal Year Ended March 31, 2007**

Taxpayer	Principal Product or Service	Taxable Value (1)	% of Total (2)
Royal Plastic/Royal Land	Plastics manufacturing	\$ 13,763,409	5.55%
Prime Real Estate Investments	Real estate development	5,028,502	2.03%
Sunrise Acres/Patmos/H &S	Agricultural	4,187,901	1.69%
Consumers Energy	Utility	3,447,863	1.39%
Espec North America		3,006,600	1.21%
Terra Ceia Mobile Home Park	Mobile home park	2,403,580	0.97%
DAJ Development, LLC	Real estate development	1,881,443	0.76%
Bosgraaf Real Estate	Real estate development	1,855,224	0.75%
Boverhof Builders, Inc	Real estate development	1,743,983	0.70%
Koetje Property	Real estate development	1,735,022	0.70%
		<u>\$ 39,053,527</u>	<u>15.75%</u>

(1) Includes the Equivalent Taxable Value of property granted tax abatement under Act 198. See "Tax Abatement."

(2) Based on \$248,065,518, which is the Township's total Taxable Value for its fiscal year ended March 31, 2007. Includes the equivalent taxable value of property granted tax abatement under Act 198. See "Tax Abatement."

Source: Charter Township of Jamestown

**Charter Township of Jamestown  
Revenues from the State of Michigan  
Fiscal Years Ended March 31, 2003 Through 2007**

Description	Fiscal Years Ended March 31				
	2003	2004	2005	2006	2007
Sales tax	\$ 386,837	\$ 35,883	\$ 352,747	\$ 349,223	\$ 344,360

Source: Charter Township of Jamestown

**Charter Township of Jamestown  
Legal Debt Margin  
As of March 31, 2007**

Debt Limit (1)	\$ 33,256,340
Debt Outstanding	\$ 4,575,000
Less: Exempt Debt	<u>4,085,000</u>
	<u>490,000</u>
Legal Debt Margin	<u>\$ 32,766,340</u>

(1) 10% of \$332,563,400, which is the Township's Total SEV for the fiscal year ended March 31, 2007. Includes the SEV of property granted tax abatement under Act 198. See "Tax Abatement."

Source: Municipal Advisory Council of Michigan and Charter Township of Jamestown

(UNAUDITED)

**Charter Township of Jamestown  
Debt Statement  
As of March 31, 2007**

The following tables reflect a breakdown of the Township's direct and overlapping debt as of March 31, 2007.

To the extent necessary, the Township may levy taxes on all taxable property within its boundaries without limitation as to rate or amount to pay the principal of and interest due on the bonds in the following table, which are designated as "UT." However, the Township's ability to levy tax to pay the debt service on the bonds, which is designated as "LT," is subject to applicable charter, statutory, and constitutional limitations.

<u>Township Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
General obligation bonds:			
Library construction dated October 1, 1998 (UT)	\$ 490,000	\$ -	\$ 490,000
Water and sewer revenue bonds:			
Dated March 1, 1996 (LT)	650,000	650,000	-
Dated April 1, 1999 (LT)	885,000	885,000	-
Dated October 1, 2000 (LT)	875,000	875,000	-
Dated June 24, 2004 (LT)	1,675,000	1,675,000	-
Subtotal	4,085,000	4,085,000	-
Total	\$ 4,575,000	\$ 4,085,000	\$ 490,000

Per Capita Net Township Direct Debt (1) ..... \$97  
Percent of Net Direct Debt to Total SEV (2) ..... 0.00%

<u>Overlapping Debt (3)</u>	<u>Gross</u>	<u>Township Share As Percent of Gross</u>	<u>Net</u>
Grandville Public Schools	\$ 35,655,000	1.04%	\$ 370,812
Hudsonville Public Schools	73,716,886	19.70%	14,522,227
Ottawa County	21,510,000	2.58%	554,958
Ottawa Intermediate School District	7,140,000	2.13%	152,082
Grand Rapids Community College	51,245,000	0.07%	35,872
Total			\$ 15,635,950

Per Capita Net Overlapping Debt (1) ..... \$3,089  
Percent of Net Overlapping Debt to Total SEV (2) ..... 0.05%

Per Capita Net Direct and Overlapping Debt (1) ..... \$3,186  
Percent of Net Direct and Overlapping Debt to Total SEV (2) ..... 0.05%

(1) Based on the Township's 2000 census population of 5,062.

(2) Based on \$332,563,400, which is the Township's Total SEV for the fiscal year ended March 31, 2007. Includes the SEV of property granted tax abatement under Act 198. See "Tax Abatement."

(3) Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of the Township are liable in addition to debt issued by the Township. The table reflects overlapping debt as of June 30, 2007.

Source: Municipal Advisory Council of Michigan and Charter Township of Jamestown

(UNAUDITED)

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September 19, 2007

Members of the Board  
Charter Township of Jamestown

In planning and performing our audit of the financial statements of the Charter Township of Jamestown for the year ended March 31, 2007, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated September 19, 2007, on the financial statements of the Charter Township of Jamestown.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Township management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing these recommendations.

*Siegfried Crandall P.C.*

## **COMMENTS AND RECOMMENDATIONS**

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### ***Reconciliation of enterprise fund receivable balances:***

Enterprise fund receivable balances, both utility service charges and special assessment receivables, were not reconciled to their respective general ledger control accounts in a timely manner.

We recommend the reconciliation of receivable balances to the general ledger control accounts on a monthly basis. This procedure must be performed to ensure that accurate information is available for monitoring financial operations of the sewer and water funds.

### ***Fire Department payroll monitoring***

The internal controls related to payroll disbursements to employees of the Fire Department could be enhanced through the following procedures:

- Documentation of Board approval of pay rates and salaries, and changes thereto
- Approval, by the Fire Chief, of hours to be paid (approval should be documented)
- Periodic reconciliation, by an employee independent of the Fire Department, of hours per incident reports to hours to be paid (an independent review of the 6-month payroll reports)

### ***Written policies and procedures***

Many of the Township's policies and procedures, especially those related to the accounting function, have not been formally documented.

We recommend that the Township develop a written accounting policies and procedures manual. Committing the Township's policies and procedures to writing would provide several benefits, including:

- clarification of responsibilities and segregation of duties
- communication of appropriate systems of internal controls
- improve continuity at the time of personnel changes

# Siegfried Crandall PC

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In planning and performing our audit of the financial statements of the Charter Township of Jamestown as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter Township of Jamestown's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

- Enterprise fund receivable balances for utility charges and special assessments were not reconciled to their respective general ledger control accounts in a timely manner.
- Monitoring procedures over certain control activities are not in place. Monitoring provides feedback as to the effectiveness of controls.
- The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, record changes in capital assets, and to present required financial statement disclosures.

This communication is intended solely for the information and use of management, the Board of Trustees of the Charter Township of Jamestown, and the State of Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

*Siegfried Crandall P.C.*

September 19, 2007